

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

February 22, 2008

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 05HD-258

HAWAII

Issuance of Direct Lease to Hospice of Hilo for Inpatient Hospice Facility and
Related Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: 3rd/ 2-4-
01:portion of 24

APPLICANT:

Hospice of Hilo, a Hawaii non-profit corporation, whose business and mailing address is
1266 Waianuenue Avenue, Hilo, Hawaii 96720.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waiakea, South Hilo, Hawaii, identified by Tax
Map Key: 3rd/ 2-4-01:portion of 24, as shown on the attached map labeled Exhibit A-1 &
A-2.

AREA:

3.50 acres, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: Residential (RS-10)

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Vacant and unencumbered

CHARACTER OF USE:

Inpatient Hospice Facility and Related purposes.

LEASE TERM:

Sixty-five (65) years.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

\$480.00 per annum

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the end of the tenth (10th), twentieth (20th), thirtieth (30th), fortieth (40th), fiftieth (50th), and sixtieth (60th) years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities - All utilities are available.

Slope - 6-20%

Elevation - 75 feet at its Kapiolani Street frontage and 110 feet at the mauka end.

Rainfall - averages nearly 150 inches annually.

SCS Soil Series - "Keaukaha", extremely rocky muck

Legal access to property - Staff has verified that there is legal access to the property off of Kapiolani Street.

Subdivision - Staff has verified that the subject property is a legally subdivided lot.

Encumbrances – Staff has verified that there are no encumbrances on the property.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice on January 23, 2007 with a finding of no significant impact (FONSI).

DCCA VERIFICATION:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Applicant in good standing confirmed:	YES

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

BACKGROUND:

The Land Board at its meeting of January 26, 1996, under agenda item F-6, approved the direct issuance of a 65-year lease to Hospice of Hilo for hospice purposes on 2.134 acres. General Lease No. S-5513 commenced October 1, 1997.

Since the issuance of the lease, Hospice of Hilo has successfully completed and has been operating out of its new facility since 1998. In 2001, Hospice of Hilo commissioned a needs assessment study. That study confirmed that there already was a demand for at least a 12-bed facility due to population increases and especially the increase in the elderly age group. Hospice of Hilo started a search for land to accommodate that need. After a years search, by letter dated September 30, 2005, Mr. Sidney Fuke on behalf of Hospice of Hilo, respectfully requested the Boards' approval in principle for a vacant State property at the end of Kapiolani Street. Hospice of Hilo would commission the required environmental assessment and any other necessary approvals. The Board at its meeting of January 27, 2006, under agenda item D-3, approved in principle the direct lease to Hospice of Hilo, subject to Hospice of Hilo satisfactory compliance with Chapter 343, Hawaii Revised Statutes within 12 months. The Board further authorized the issuance of a right-of-entry for the purpose of completing the necessary studies, surveys, etc..

ANALYSIS:

Hospice of Hilo provides end-of-life care for residents of East Hawaii. The current facility on Waianuenue Avenue is too small for facility expansion or new construction.

The proposed project would allow for extension of hospice services to provide acute hospice care for inpatients. The new facility will be a 12-bed, single story homelike hospice center with attractively landscaped grounds, comprised of: staff and administrative offices; conference rooms and office/outreach space; multi-denominational chapel and meeting room; laundry and storage rooms; visitor and children meeting rooms; staff and visitor restrooms; file and equipment storage rooms; and parking for 36 vehicles with several ADA accessible stall.

The center will have 12 furnished private suites, each with a sleeping and sitting area for the patient, an ample closet, a partitioned sleeping area for a visiting family member and a private bath specially designed to accommodate the needs of the patient. Health care fixtures and equipment will be concealed in cabinets and in the walls. Suites will be designed with provisions for individual temperature, noise and air quality control. Each patient area will have direct access to an outside screened lanai.

The front of the house will include spacious entry, living, dining, food preparation, meditation and sunroom areas for use by patients, families and visitors. These will encourage socialization and interaction and will enhance the homelike ambience of the center.

Integrated into the design of the center will be work and storage areas, offices and meeting rooms for use by the professional staff and volunteers. These areas will allow and support the provision of core services by physicians, nurses, social workers, nurse-aides, spiritual and bereavement counselors, volunteers, administrators and other support staff.

Applicant has provided evidence of 501(c)(3) status, therefore qualifies for a direct lease.

Staff has requested information on the Applicant's operations, services, program measurements, budget and funding. (Exhibit B)

The Applicant has a State lease (General Lease No. S-5513) and is in compliance with all lease terms and conditions.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

DISCUSSION:

As background, the Board of Land and Natural Resources (Board) typically issues leases to private individuals and entities via public auction. The new rent at reopening is

established at fair market rental value by an appraisal. If the tenant or prospective tenant is an eleemosynary (charitable) organization, the Board may issue the lease, at a nominal rent, by direct negotiation. The statute providing the Board this authority is as follows:

§171-43.1 Lease to eleemosynary organizations. The board may lease, at a nominal consideration, by direct negotiation and without recourse to public auction, public lands to an eleemosynary organization which has been certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended. The lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service. [L 1970, c 83, §5; am L 1971, c 100, §1; am L 1982, c 202, §1; am L 1991, c 212, §3]

It is noted that the 501(c)(1) organization must be both organized by an Act of Congress and be an instrumentality of the United States, while the 501(c)(3) organization is a privately organized charitable organization.


Therefore, when considering lease dispositions to eleemosynary (charitable) organizations or religious organizations, the Board may issue the lease by public auction at fair market rent, or by direct negotiation at an amount below fair market rental (i.e., nominal rent). On May 13, 2005, the Land Board established a Minimum Rent Policy that stated, among other things, that the Minimum Rent for Lease be no less than \$480 per year. Land Division generally issues Leases at fair market rental value as determined by an appraiser or via public auction. Staff believes "nominal rent" under Section 171-43, Hawaii Revised Statutes ought to be anywhere between fair market rent, or lower, but not lower than the minimum rent of \$480 per year.


There should be a reasonable and fair annual rent for all Land Division non-profit tenants. Therefore, staff is recommending the new annual rent be \$480.

RECOMMENDATION: That the Board:


1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to Hospice of Hilo covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current non-profit lease document form, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.


Respectfully Submitted,



 Wesley T. Matsunaga
Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson 

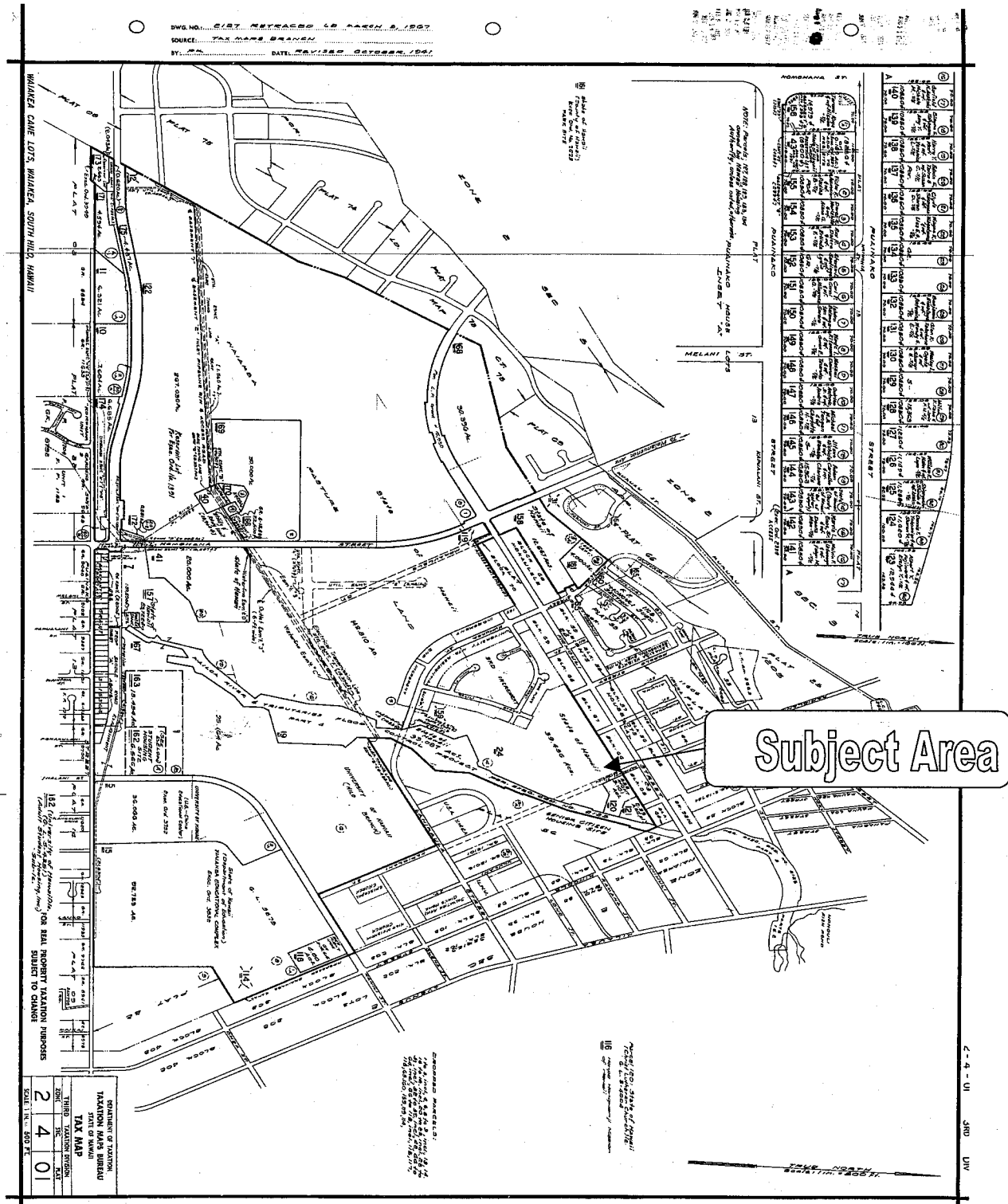


EXHIBIT A-1

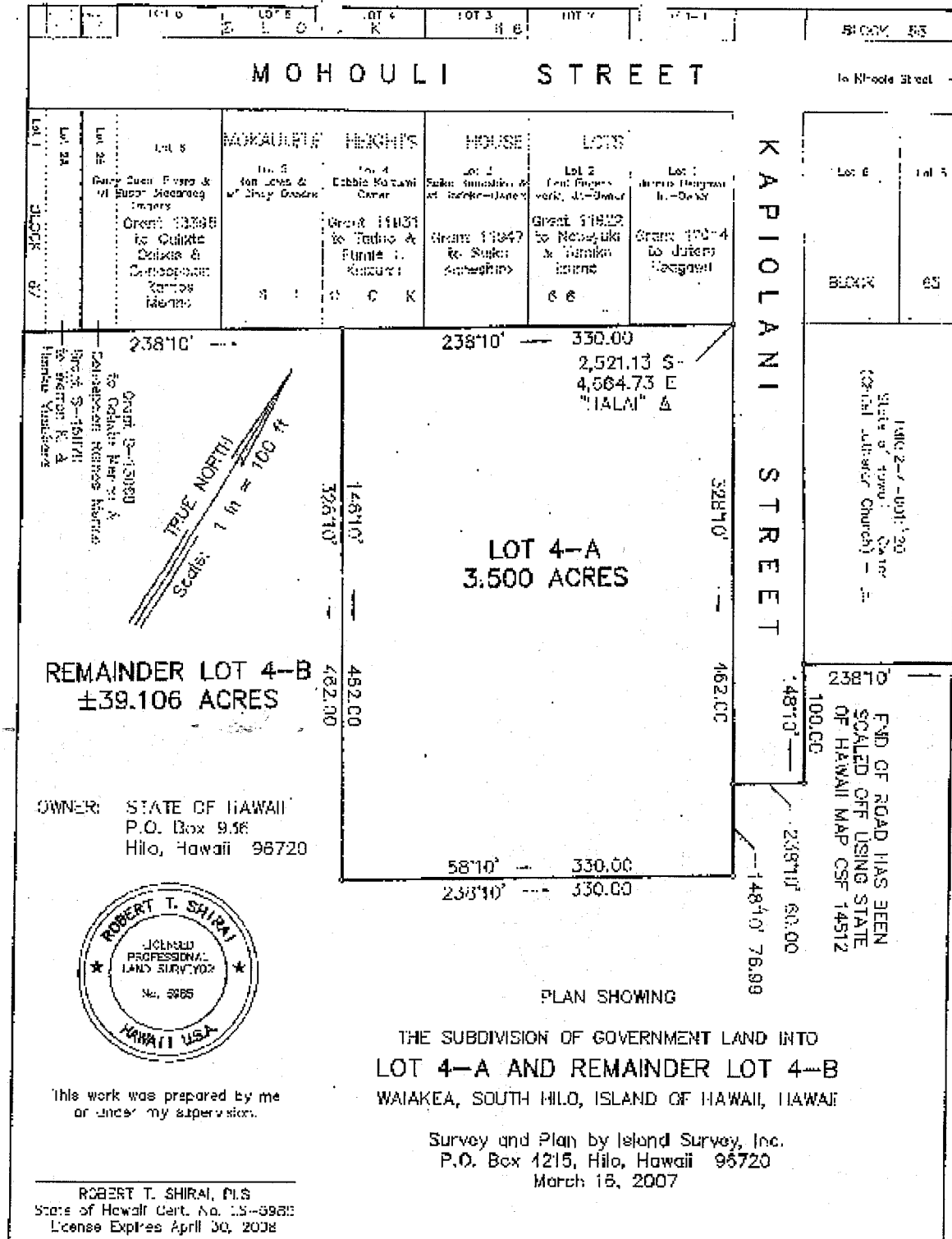


EXHIBIT A-2

APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Non-Profit)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part I: General Information

1. Applicant's legal name: Hospice of Hilo
2. Applicant's full mailing address: 1011 Wai'anuenue Avenue
Hilo, HI 96720
3. Name of contact person: Brenda Ho
Contact person Phone No.: (808) 969-1733 Fax No.: (808) 969-4863
4. Applicant is interested in the following parcel:
Tax Map Key No.: (3) 2-4-01-24 Location: Kapiolani Street, near the inter-section with Mohouli St., in Hilo
If Applicant is current lessee: General Lease No.: _____
5. When was Applicant incorporated? Jan. 10, 1980
6. Attach the following:
- A. Articles of Incorporation
 - B. Bylaws
 - C. List of the non-profit agency's Board of Directors
 - D. IRS 501(c)(3) or (c)(1) status determination
 - E. Tax clearances from State of Hawaii and respective county Real Property Tax Office.
 - F. Audited financial statements for the last three years. If not audited, explain why.
If Applicant is a new start-up, attach projected capital and operating budgets.
 - G. Any program material which describes eligibility requirements or other requirements to receive services

Part II: Qualification

7. Is Applicant registered to do business in Hawaii: Yes/No
8. Has Applicant received tax exempt status from the Internal Revenue Service? Yes/No
9. Is Applicant licensed or accredited in accordance with federal, State or county statutes, rules, ordinances, to conduct the proposed activities? Yes/No

List all such licenses and accreditations required: Medicare Certification from the
Hawaii State Department of Health.

10. Is Applicant in default or otherwise not in good standing with any State department (e.g. POS agency, DCCA, DLNR, etc.)? Yes/No

If yes, explain:

EXHIBIT "B"

11. Has Applicant had a State of Hawaii lease, permit, license, easement or sale in fee cancelled within the last five years? If yes, list:

Yes/No

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. Does Applicant have any policies which discriminate against anyone on the basis of race, creed, color, national origin, sex or physical handicap?

Yes/No

If yes, explain:

13. Has Applicant received funding from a federal, State, or county government agency, the Aloha United Way, and/or a major private foundation within the last three years? Please list all such contracts below:

Yes/No

<u>Agency</u>	<u>Contract Term</u>	<u>Contract Amount</u>
Hawaii Island United Way	2008	\$ 16,000.00
Hawaii Island United Way	2007	\$ 17,500.00
Hawaii Island United Way	2006	\$ 17,500.00
Cleo Foundation (San Francisco)	11/13/06 - 08/13/07	\$ 20,000.00
Hawaii Community Foundation	08/29/07 - 08/29/08	\$ 36,013.00
Federal Community Development Bloc		\$
Grant via Hawaii County Housing Office	08/15/06 - 08/14/07	\$ 300,000.00
		\$

14. If Applicant has not received funding from a federal, State or county government agency, the Aloha United Way and/or a major private foundation during the past three years, describe Applicant's qualifications to effectively perform the proposed services, including but not limited to, grants or subsidies received from non-major, private funders and/or staff or Board members who possess significant experience in Applicant's service field.

Part III: Program Activities and Persons to be Served

15. What activities will be conducted on the premises to be leased?
a) In-patient hospice care services
b) Out-patient palliative care services
c) Professional-level training for University of Hawaii at Hilo healthcare students.
16. What are the specific objectives of these activities?
a) To manage pain and other symptoms related to a terminal illness.
b) To provide emotional and spiritual support to patients and family members.
c) To provide palliative care (pain & symptom management) to patients in the community
d) To provide practicum experience to university-level healthcare students.
17. Describe the community need for and the public benefit derived from these activities.
Community Need: Dying patients with acute symptoms need in-patient care to ensure
they are able to die in comfort, with dignity and as much control over their lives
as possible. Public Benefits: (a) more available bed-space in local hospitals.
(b) lower daily cost of care (\$627/day for hospice inpatient care--including
medications, vs. \$985/day for room and board only at Hilo Medical Center.)
c) Lower absenteeism and more effective coping on the part of family members.
18. Describe the targeted population for these activities by: 1) age group, 2) gender, 3) ethnic background, 4) income level, 5) geographic location of residence, 6) special needs/disability, and 7) other applicable characteristic(s).
Any terminally ill patient with a prognosis of 6 months
or less who needs in-patient care due to the acuity of their illness, regardless
of age, gender, ethnic background, income level, geographical location of residence,
special needs / disability, sexual orientation, national origin, creed, race
diagnosis, or ability to pay.
19. Describe all eligibility requirements of clients to participate in the activities, e.g. age, income level, ethnic background, income level, disability, etc.
See Item 18 above
20. Do you require membership to participate in these activities? Yes ☒ No ☐
If yes, list the requirements of becoming and remaining a member:

21. How many unduplicated persons will engage in the activities annually?

Activity

Persons Per Year

Hospice care for terminally ill patients	328
Hospice care for family members of patients	656

22. Is State funding made available for the activities to be conducted on the leased premises?

Yes/No

If yes, by which State agency: Funding for low income patients is provided through the

23. Hawaii Medicaid program which is administered by the Dept. of Human Services.
List all activities to be conducted on the leased premises which require payment of excise taxes, e.g. subleasing, sale of products or services. Include an estimate of annual gross revenues from each activity.

None anticipated

Development of the Land

24. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas and related uses. Attach sketch of plan if available.

See Attachment J

25. What improvements to the land do you intend to make and at what cost?

See Attachment K

26. How will the improvements be funded?

See Attachment L

27. Describe all environmental, land use and other permitting requirements which must be met to develop the land as proposed.

See Attachment M

28. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

No

Part V: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from receiving a lease or my/our lease may be canceled.

hnp Brenda S. Ho Hospice of Hib

Applicant Name

Applicant Name

By: Brenda S. Ho

By:

Its: Executive Director

Its:

Date: 1-23-08

STATE OF HAWAII
County of Hawaii

} ss.

Subscribed and sworn to before me this
23 day of Jan, 2008.

N Toriano N Toriano
Notary Public, State of Hawaii

County of: Hawaii

State of: Hawaii

My commission expires: 6/2/2010

LS

HOSPICE OF HILO ~ SITE PLAN

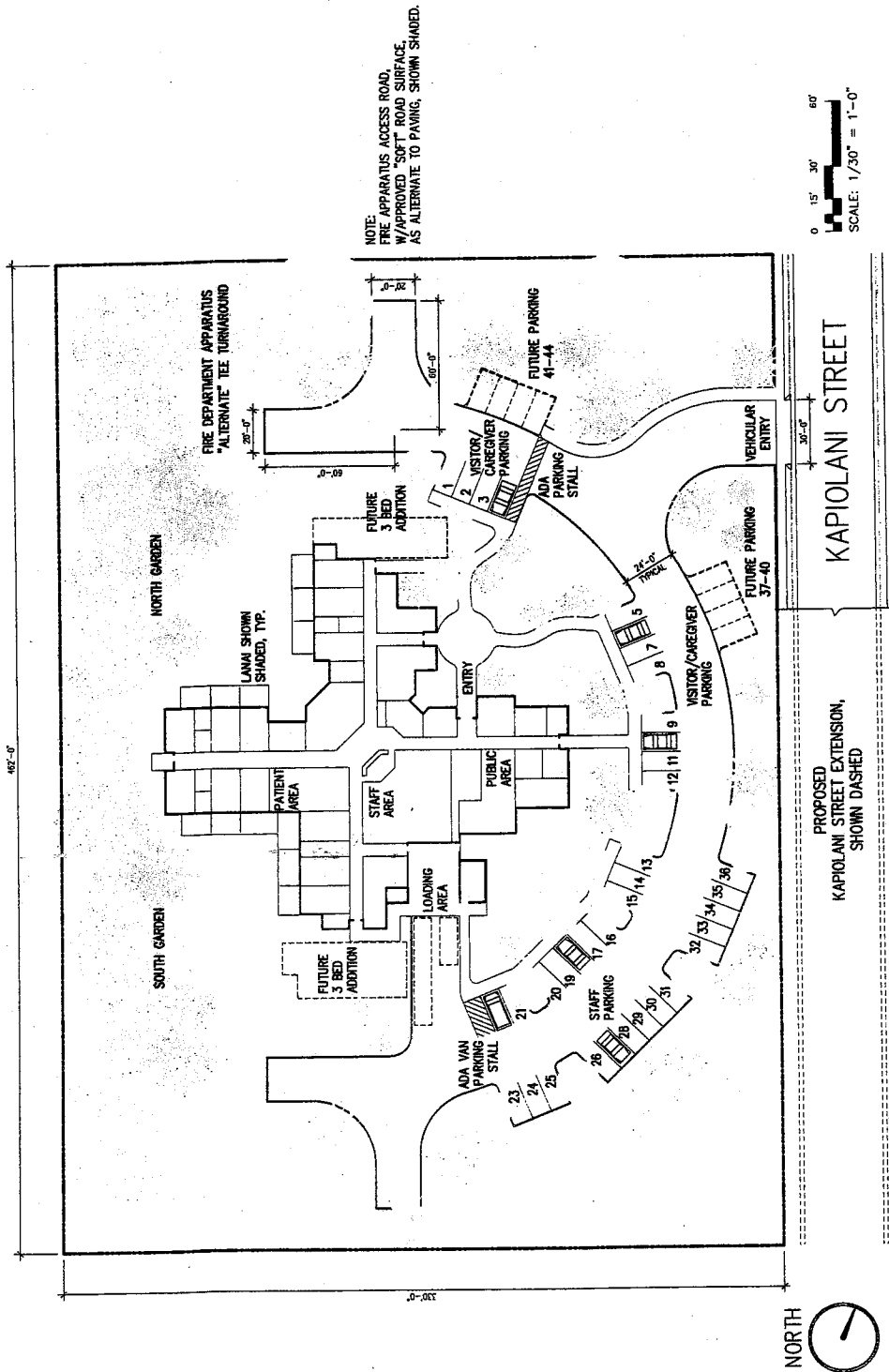


EXHIBIT "C"

ZONING:	PROJECT DESCRIPTION:	BUILDING AREA:	SITE LOCATION:
<p>ZONING DISTRICT: DIVISION 1, RS-10, SINGLE FAMILY RESIDENTIAL DISTRICT</p> <p>HEIGHT LIMIT: 35 FOOT HEIGHT LIMIT</p> <p>MINIMUM BUILDING SITE AREA: 10,000 SQUARE FEET</p> <p>MINIMUM BUILDING SITE AVERAGE WIDTH: 70 FEET MINIMUM SITE AVERAGE WIDTH</p> <p>MINIMUM YARDS: FRONT AND REAR YARDS - 20 FOOT SETBACK SIDE YARDS - 10 FOOT SETBACK</p>	<p>PARKING REQUIREMENTS:</p> <p>1 PARKING STALL PER BED REQUIRED - 12 TOTAL</p> <p>1 ACCESSIBLE PARKING STALL REQUIRED. (2 PROVIDED, WITH 1 BEING VAN ACCESSIBLE)</p> <p>12 VISITOR/CAREGIVER PARKING STALLS SHOWN.</p> <p>24 STAFF/VOLUNTEER PARKING STALLS SHOWN.</p> <p>36 PARKING STALLS PROVIDED.</p> <p>2 LOADING STALLS REQUIRED.</p> <p>1 AT 12'X50' AND 1 AT 10'X22' PROVIDED.</p> <p>FUTURE ADDITIONAL 8 PARKING STALLS SHOWN DASHED.</p>	<p>BUILDING AREA:</p> <p>12 BED INFANTILY FACILITY SHOWN.</p> <p>TOTAL BUILDING AREA - 15,500 SQUARE FEET.</p> <p>FUTURE 8 BED ADDITION (APPROX. 2500 SQ. FT.) SHOWN DASHED.</p>	<p>(T.M.K. 2-4-001:024) KAPIOLANI STREET AT MOHOULI STREET HILO, HAWAII</p> <p>SITE AREA: 3.5 ACRES SHOWN</p> <p>PERMITTED BUILDING USE:</p> <p>(b7) HOSPITALS (USE PERMIT REQUIRED)</p> <p>PROPOSED USE: HOSPICE CARE</p>